



ASSOCIATION FRANÇAISE
DES INVESTISSEURS
POUR LA CROISSANCE

PRESS RELEASE

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Performance of French private equity at end-2016

Overall performance: 10.1% net return per year since 1987 (30 years)

Double the stock market's performance

Continued gains in returns on venture capital

The French private equity and venture capital association (*Association Française des Investisseurs pour la Croissance - AFIC*) and EY published their annual report on French private equity market's net performance as of end-2016.

"With an annual return of more than 10% over 30 years, the French private equity sector's overall performance has remunerated the savings allocated to the financing of start-ups, small- and medium-sized businesses (PME) and intermediate-sized businesses (ETI). This stable performance reflects the vitality of these companies funded by AFIC-member professional investors in unlisted companies." noted **Olivier Millet**, the Chairman of **AFIC**.

CONTINUING THE VERY FAVORABLE LONG-TERM PERFORMANCE

As of end-2016, the French private equity market's overall performance was an average annual net return of **10.1% over a 30-year period**. The net performance of closed-end funds totaled **14.7% per year**. These figures reflect the **very favorable long-term performance** of this asset class and the stability of its performance.

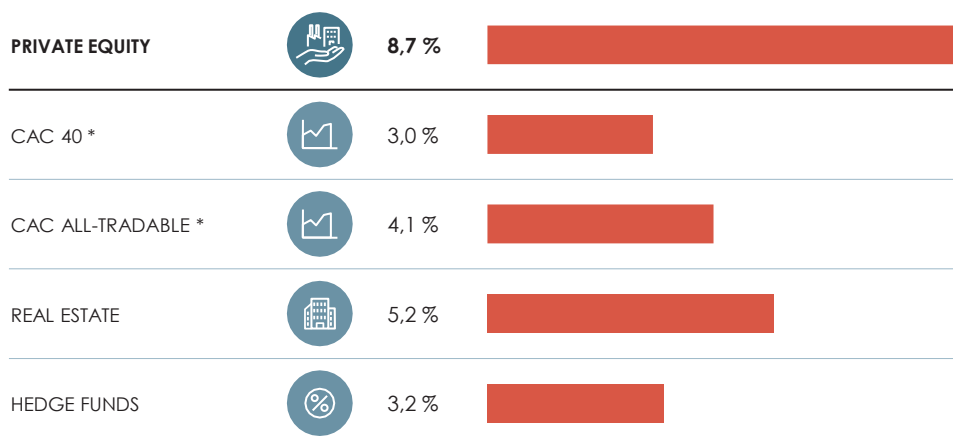
OUTPERFORMING ALL OTHER ASSET CLASSES

French private equity again outperformed all the other major asset classes over the long term.

Over 10 years, the annual return on investment in unlisted French companies was 8.7%, **more than double that of the listed equities market** (3.0% for the CAC40 index¹, 4.1% for the CAC All-Tradable - ex SBF 250).

This observation also applies to the real estate market and to hedge funds, which recorded returns of 5.2% and 3.2%, respectively.

10-YEAR ANNUAL AVERAGE PERFORMANCE
AS OF END-2016, AVERAGES OVER THE 2007-2016 PERIOD



* Comparison based on the public-market equivalent method (indices used with reinvested dividends)

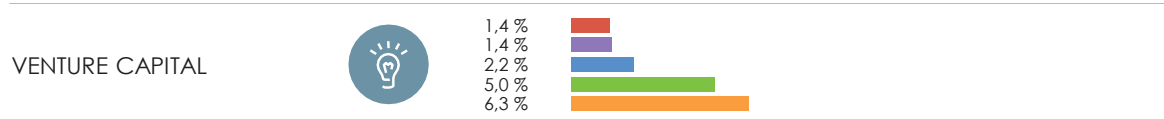
Source : AFIC / EY

ANALYSIS OF PRIVATE EQUITY'S OUTPERFORMANCE

French private equity generated average annual alpha of 8.3% relative to the CAC 40 index over the decade, according to Oliver Gottschalg, the founder of PERACS, as part of a joint research study with AFIC. This alpha is defined as the asset class's annual outperformance relative to a benchmark index, and it provides an indicator of private equity's average outperformance independent of market conditions.

PERFORMANCE BY SEGMENT

The **venture capital segment** recorded positive performance across all time horizons and generated increasingly higher returns across the shorter time horizons. **As of end-2016**, the segment's average annual performance was **1.4% over 30 years** and reached **6.3% over three years**.



Source : AFIC / EY

- Net IRR since inception
- Net IRR over 15 years
- Net IRR over 10 years
- Net IRR over 5 years
- Net IRR over 3 years

The growth capital and buyout capital segments continued to perform well. As of end-2016, they recorded **respective average annual gains of 8.0% and 14.0% over 30 years**.

“The French private equity trends observed in recent years were confirmed in 2016, with overall performance driven by high returns on buyout capital transactions along with favorable momentum in the innovation capital segment. The solid performance across all segments of the private equity market

underscores the breadth of returns generated by this asset class, which finances the growth of French unlisted companies,” said **Hervé Jauffret**, a partner at **EY**.

The report on the net performance of French private equity market participants has been published for 23 years, since 1994, under the auspices of **AFIC’s Research and Statistics Commission**.

ABOUT AFIC

AFIC includes nearly all of the active private equity firms in France and has more than 300 active members. Through its compliance, control and best practices development functions, it is one of two associations recognized by the French Financial Markets Authority (AMF), and membership in the association by management companies is one of the conditions for authorization. It is the only industry association specializing in private equity.

AFIC’s priorities include promoting the position and role of private equity, actively participating in its development by serving as a hub for the entire industry and establishing best practices, methods and tools for professional and responsible shareholder conduct.

For more information, see the [AFIC](#) website

ABOUT EY

EY | Audit | Advisory | Tax & Legal | Transactions

EY is a leading global audit, advisory, tax and legal and transaction firm. Throughout the world, our expertise and the quality of our services help to create the conditions for confidence in the economy and financial markets. We develop talent so that our staff can work together with the companies toward long-term growth. In this way we play an active role in building a better world that is fairer and more balanced for our staff, our clients and society in general.

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¹The internal rates of return (IRR) of the CAC40 and CAC All-Tradable indices are calculated using the Public Market Equivalent methodology, a standard industry method that makes it possible to replicate private equity inflows and outflows in a benchmark index. Using the same comparable investment profile basis, the respective performances of private equity and market indices are then calculated on the basis of the portfolio values at the end of the period. The indices are used with reinvested dividends.